



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

NATIONAL COUNCIL OF PROVINCES
OFFICE OF THE CHAIRPERSON

PO Box 15 Cape Town 8000 Republic of South Africa
Tel: 27 (21) 403 2321/3126 Fax: 27 (21) 461 9460
www.parliament.gov.za

DRAFT 4.3!

SPEECH OF THE CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES, HONOURABLE REFILWE MTSHWENI-TSIPANE, ON THE OCCASION OF THE POLICY DEBATE ON BUDGET VOTE 2 (PARLIAMENT)

VENUE: HYBRID

DATE: 22 JULY 2024

TIME: 14H00

Honourable Deputy Chairperson;

Honourable House Chairpersons;

Honourable Chief Whip;

Honourable Permanent and Special Delegates;

Representatives of the South African Local Government Association;

Ladies and gentlemen

Good afternoon

1. INTRODUCTION

1. I wish to begin my address by asserting the importance of maintaining critical pathways of cohesion and consensus building amongst ourselves, not only for today's debate but also for the countless robust deliberations that are to follow in this House. As we do so, may we be guided by the spirit of our icon Nelson Mandela whose birthday month we are celebrating.
2. It is my sincere wish, that we will collectively advance the electoral mandate of this 7th administration, with integrity, ethics and respect of our oath of office. May these wise words give credence to what we have been called to accomplish:

"The things that will destroy us are:

*Politics without Principle;
Pleasure without Conscience;
Wealth without Work;
Knowledge without Character;
Business without Morality;
Science without Humanity;
and Worship without Sacrifice.*

3. May these values and principles guide us as we move forward in unity, to advance South Africa's national interest. May these remain as the defining precepts for the current conjuncture of our constitutional democracy.

4. **Honourable Members**, it is almost two months since South Africans, participated in the 2024 provincial and national elections, ushering in the 7th administration, as part of the democratic order established in 1994.
5. As you are all aware, no single political party received majority support at national level. As such, a Government of National Unity (GNU) has been formed, through a statement of intent. t, that seeks to promote cooperation in both the Executive and Parliament under the stewardship of His Excellency the President of the Republic of South Africa, Mr Cyril Ramaphosa.
6. **Honourable Members**, many would agree that South Africa finds itself in unchartered territory as we now familiarise ourselves with the spirit, purport and alignment of the GNU. With each passing day, we find ourselves at the centre of a steep learning curve, about the impact and importance of a construct such as the GNU.
7. Indeed, the advance to govern in the context of the GNU construct of governance, is undoubtedly a complex process.
8. However, we now have the opportunity to formulate the most appropriate regulatory frameworks and legislative instruments, to advance our national and developmental interests.

30 Years of Democracy

9. **Honourable Members**, as we celebrate 30 years of our constitutional democracy, we recall today that our Constitution has laid the foundation for a democratic and open society, in which government is based on the will of the people.
10. As we advance in unity, to achieve the ideals of our forbearers and as postulated by the electoral mandate of the 7th dispensation, this season requires visionary and pragmatic leadership.
11. New and robust ways must be constructed, to enhance public sector reforms, build state capacity, to improve public-private partnerships and build a corruption free governance system.

2. CURRENT AND EMERGING ISSUES THAT ARE INFLUENCING THE WORK OF PARLIAMENT

12. **Honourable Members**, the work of Parliament is influenced by several developing trends within the global, continental, regional and national contexts.
13. These include the effects of evolving democracies, geo-political tensions, uneven global economic growth, increased expectations and demands, climate change, and societal risks such as pandemics.

Global Economic Context

African Economic Context

14. According to the African Outlook 2024, despite strong economic performance and remarkable resilience, structural transformation in Africa has been slow and uneven.
15. Addressing this will require the activation of bold reforms of the global financial architecture, to meet Africa's development financing needs without the nefarious intentions of imposing debt at the expense of sustainable economic growth.

Regional Economic Context

16. The sluggish performance is said to reflect the ongoing slow economic growth in South Africa, which is the SADC region's largest economy. Growth in the SADC region is projected to increase marginally to 1.1 percent in 2024 and 1.6 percent in 2025.

Where as in South African Economic Context

17. It is clear that due to slow economic growth over an extended period of time in South Africa, (which accounts for 60 percent of the SADC region's total output), is as a result of ailing physical and social infrastructure, as well as the impact of the past electricity crisis.
18. These prevailing conditions are also said to have lowered the productive capacity of firms, and constrained domestic demand.

19. This economic situation has also aggravated South Africa's persistently high unemployment rate, high levels of poverty and inequality and prevented us from reaping substantive democratic dividends in the last 30 years of freedom and democracy in South Africa.
20. **Honourable Deputy Chairperson**, as we reflect on these stark realities, we must also acknowledge that South Africa does not function or exist in a vacuum.
21. We must therefore acknowledge that our national development landscape is indeed impacted upon by external geopolitical tensions, exogenous economic shocks, which still profoundly continue to shape developmental conditions in South Africa.
22. As we seek the appropriate policy and legislative balance to address the challenges faced by our nation, we must refocus our attention on the imperatives of the Economic Reconstruction and Recovery Plan, as a critical instrument to advance economic recovery and inclusive economic growth.
23. Within this context, Parliament must play the critical role of overseeing a steady focus on the country's economic policy and implementation trajectory, to enable a radical shift towards the achievement of our inclusive economic growth priorities.

Poverty and Inequality

- 24. Honourable Deputy Chairperson,** according to a World Bank Report, which was co-authored with Stats SA, South Africa is said to be the most unequal society in the world, with "race" playing a key role in a society, where 10% of the population owns more than 80% of the wealth.
25. South Africa also ranks first among 164 countries, which is a clear indication of the developmental pressures the broader state machinery must contend with.
- 26.** When we look at this overarching national context, the role of Parliament must be repositioned as critical during the current conjuncture of our developmental journey, to effectively oversee the implementation of our national goals.
- 27.** It is therefore imperative that we strengthen Parliament's accountability mechanisms and systems, so as to enable this arm of state to assert itself more appropriately, within the confines of its constitutional mandate.

KEY ACHIEVEMENTS OF PAST FINANCIAL YEAR AND WAY FORWARD

- 28.** Honorable Members, Despite the challenges of lack of adequate working space and a decreasing budget, the NCOP, through its

plenaries and committees, continued to adapt business processes with physical and hybrid proceedings.

29. Several key pieces of legislation were processed to address various aspects of national governance and public welfare, including:

- The Division of Revenue.
- The Appropriation Bill.

- The Children's Amendment Bill.

- The Public Service Amendment Bill.

- The National State Enterprises Bill.

- The Marriage Bill,

- The Electoral Commission Amendment Bill and the Constitution Nineteenth Amendment Bill.

30. With regard to oversight, Parliament continued to enhance measures for greater accountability and oversight over the Executive.

31. High rates of reply for both oral and written questions put to the Executive in the two Houses highlight the effectiveness of parliamentary oversight in ensuring government responsiveness. The

NCOP directed a total of 970 written and oral questions to the Executive.

32. In keeping with the provisions of the Constitution in relation to public involvement, about 255 public hearings were held, including collaborative efforts with Parliamentary Constituency Offices and local entities. Several petitions were considered by Parliament.

33. As Delegates are aware, co-operative government and intergovernmental relations are the twin sisters of our system of government. Therefore, collective planning on matters of common interest is crucial to avoid one sphere **usurping** the powers of another.

34. It is for this reason that the NCOP will continue to place greater emphasis on monitoring the effectiveness of interventions. Interventions should be the last resort after other support measures have failed.

35. Therefore Hon Delegates, In whatever we do, we must ensure that provincial interests are taken into consideration in the national sphere of government.

36. As such, when designing our programmes we must take into consideration the programmes of the provincial legislatures. We must

also ensure that there is co-operation, consultation and coordination between the two Houses of Parliament, provincial legislatures and organised local government.

37. Honourable Deputy Chairperson, with regard to international engagement, in the past financial year Parliament considered nine crucial international agreements, in accordance with section 231 of the Constitution. These agreements encompassed a wide array of topics, including gender equality.

38. We will continue to strengthen parliamentary diplomacy in pursuit of a better Africa and a humane, just, equitable, democratic and free world.

3. CONTEXT FOR VOTE 2

39. **Honourable Members**, this year's budget is set against the backdrop of declining budgets in the state. In addition to the reduced budget, the composition of Vote 2 carries structural challenges, skewing the appearance of resource availability.

40. Whereas the overall budget appears to be significant for 2024/25, the amount available for discretionary allocation is small. The Accounting Officer has limited control over the following allocations in the budget:

- a) Direct charge for Members' remuneration;
- b) Transfers to political parties;
- c) Parmed payments;
- d) Facilities for Members;
- e) Benefits for former Members;
- f) Salary adjustments decided by the sector bargaining process;
and,
- g) Contingent liabilities.

41. Over time, the composition of the budget should be reviewed to reflect the availability and use of resources in a more accurate way.

4. VOTE 2

42. **Honourable Members:** The total budget for Parliament for the 2024/25 financial year is R 4,436 billion.

43. The total allocation received from the National Treasury amounts to R3,263 billion, and includes R500 million for the restoration and refurbishment of the Parliamentary buildings because of the fire damage.

44. The shortfall will be funded by institutional retained earnings of R101,8 million - retained earnings for rebuilding of Parliament of R998 million, donor funding of R22,5 million and own revenue of R50 million.
45. The National Treasury allocation for compensation of employees amounts to R939 million, whilst the projected expenditure is R1,356 billion.
46. The allocation by National Treasury for the contribution to medical aid of former Members of Parliament and Provincial Legislatures amounts to R68 million, whilst the projected expenditure is R80 million.
47. Baseline budget reductions of the medium term are causing significant strain on the budget of Parliament. In addition, inflation is expected to remain higher, driving up the cost of Parliament's goods and services.
48. The budget of Parliament has been allocated as follows:
- Programme 1: Administration - R2,284 billion;
 - Programme 2: Legislation and Oversight - R867 million
 - Programme 3: Associated Services and Transfer Payments to Political Parties - R791 million.
49. **Honourable Deputy Chairperson**, the 2024/25 vote for Parliament was prepared during the term of the 6th Parliament. The *Financial Management of Parliament and Provincial Legislatures Act*

requires that Parliament develops a new Strategic Plan, within 6 months from the national elections.

50. The strategic planning process, which will commence shortly, will result in us deciding on priorities and outcomes for the 7th Parliament, and the re-alignment of resources.

51. As we begin to crystalize our focus and approach as the NCOP, the following key priorities must inform our institutional agenda, as we commence the seventh dispensation:

- We must as matter of urgency, prioritize the workings of the intergovernmental and cooperative governance systems to deliver services, with the intention of not only focussing on interventions after service delivery systems have completely collapsed at the provincial and local spheres of government.
- We will Institutionalize Three-Sphere Planning processes in the NCOP and effectively utilize the three sphere developmental data provided, to strategically shape the NCOP's Oversight Agenda.
- Infused together with the Three-Sphere Planning mechanism, we must deliberately accentuate the planning imperatives of the District Development Model, as a springboard to advance the planning and implementation of key development priorities;

- We must ensure that Sector Parliaments continue to Play the Dynamic and developmental role, with better oversight, tracking and impact assessment mechanisms to advance South Africa's transformation agenda;
- We must Institutionalise Policy and Legislative Review Processes, in order to consistently test the impact and efficacy of the policies legislation passed by Parliament;
- We must also Build Dynamic Public Participation Processes and Systems to give better effect to the values and principles of public participation.
- We must further create the appropriate systems to enable online petitions and where online access is not possible in rural areas, we must create the appropriate systems for rural communalities to submit their petitions.
- The recommendations of the Chapter 9 must be standard items for the Executive to report on progress made in implementing these recommendations and Parliament must meticulously track and oversee this process;
- In order to support the NCOP more effectively, Parliamentary Researchers must be involved in communities or find other

sources of Research data and rely less reports from Government;

- Reviewing the programme structure of Parliament to allow for more time for plenaries, committees, and work performed in constituencies.

52. While mindful of the strain on the budget of Parliament, which is a consequence of declining resources in the state, we need to set our priorities in a manner that will enhance Parliament's effectiveness and responsiveness.

53. I hereby table the budget for the 2024/25 financial year for approval by this August House.

Thank you